

Message Text

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PAGE 01 JAKART 08748 300441Z
ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 EB-08 COME-00 TRSE-00 OPIC-03
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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9856

C O N F I D E N T I A L JAKARTA 8748

E.O. 11752: GDS
TAGS: EFIN, ECRE, ID
SUBJECT: PUBLIC WORKS MINISTER APPRECIATES EXPANDED EXIM ACTIVITIES

REF: STATE 137170

1. DURING MY JUNE 29 CALL ON PUBLIC WORKS MINISTER PURNOMOSIDI, THE MINISTER SAID THAT HE MUCH PREFERRED U.S. ORIGIN ROADBUILDING EQUIPMENT TO THAT FROM OTHER SOURCES. HIS MINISTRY HAD RECENTLY RUN A TEST ON THE PERFORMANCE OF EQUIPMENT MANUFACTURED BY CATERPILLAR AND BY KOMATSU IN HANDLING A FLOOD DISASTER IN THE BANDUNG AREA. HE FOUND CATERPILLAR FAR SUPERIOR IN GENERAL PERFORMANCE, RELIABILITY AND FREQUENCY OF REQUIRED MAINTENANCE. THE PROBLEM, HE SAID, IS THAT THE JAPANESE AND OTHER SUPPLIERS OFFER FAR MORE ATTRACTIVE FINANCING FOR THEIR EQUIPMENT THAN IS THE CASE WITH THE UNITED STATES. AS A RESULT, HE FINDS IT DIFFICULT AND SOMETIMES IMPOSSIBLE TO GET GOI APPROVAL FOR PURCHASES FROM THE U.S.

2. I TOOK ADVANTAGE OF THIS OPENING TO BRIEF THE MINISTER ON THE MORE ACTIVE ROLE BEING PLAYED BY THE EXIM BANK AND THE FACT THAT UNDER CERTAIN CIRCUMSTANCES THE BANK IS PREPARED TO COVER UP TO 85 PERCENT OF THE COST OF U.S. ORIGIN EQUIPMENT. PURNOMOSIDI SAID THIS WAS
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INDEED WELCOME NEWS. HE SAID HE HAD IN THE PAST HAD PARTICULAR PROBLEMS BECAUSE EXIM WOULD FINANCE ONLY 40 OR 45 PERCENT OF THE TOTAL COST. THE MORE FORTHCOMING ATTITUDE OF EXIM WILL STRENGTHEN HIS HAND APPRECIABLY IN DEALING WITH OTHER ELEMENTS OF THE GOI AND SHOULD, HE SAID, MAKE IT POSSIBLE FOR HIS MINISTRY TO EXPAND ITS PURCHASES FROM THE U.S.

MASTERS

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NNN

Message Attributes

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